

VSC: Your Easy Guide to Buy

Why Buy a VSC?



- Vehicles require repairs, especially the longer you keep them
- Today's vehicles are higher tech, and the cost to repair them is higher
- Just one covered repair could entirely cover the cost of the VSC

DO buy if...



- Your vehicle is past the warranty period
- You plan on keeping your new vehicle past the manufacturer's warranty period
- You want to increase the resale value of your vehicle because you eventually plan to sell it

DON'T buy if...



- You're leasing and completely covered by the manufacturer's warranty
- You can't afford it - take a "financial selfie"; if the benefits don't outweigh the costs right now, don't buy it

Know Thy Administrator



How long have they been in business?



Do they have a good BBB rating?



Have you read their online customer reviews?



Do they outsource the claims adjudication process or call center?



Have they been recognized in their industry with certifications and awards?



Do they genuinely care about your claim experience, (i.e. do they regularly ask for feedback on your experience and customer satisfaction)?

Dollars and Sense

- In the cancellation policy, do you have to pay out what's owed on the policy? Is the refund pro-rated based on claims paid?
- Keep in mind, the higher the mileage on your vehicle, the higher the rates
- Remember, you get what you pay for - don't look for the CHEAPEST policy



Red Flags - RUN!



- If they keep focusing on PRICE but not COVERAGE
- If they ask for your birthdate or Social Security number
- If they will not pay up to the cash value of your vehicle
- If there is a cap on the components the VSC covers, as opposed to a cap on the total policy
- If you can only have your vehicle repaired at certain places
- If you can't actually speak with a live customer service representative
- If the seller can't provide all coverage information in writing, or without a down payment

Myth Busters



Vehicle service contracts are "bumper-to-bumper warranties."

FALSE

There is no such thing as a bumper-to-bumper warranty where all parts of the vehicle are protected and covered.



The manufacturer's warranty is plenty of coverage - there's no need for a vehicle service contract.

FALSE

The manufacturer's warranty will lapse over time - the VSC will protect your vehicle for much longer. Also, vehicle service contracts are transferable if you sell your vehicle, and oftentimes come with added benefits such as roadside assistance, rental reimbursement and trip interruption coverage.



Shop around for the best price on a VSC - they all cover the same components.

FALSE

Every contract and level of coverage is different from provider; to provider, read the fine print!

Definitions



Vehicle Service Contract (VSC)

A written agreement between the consumer and the automotive service contract company that outlines its obligations to pay for covered mechanical breakdown repairs and other services for a stated period of time and miles.



Manufacturer's Warranty

A written guarantee of the vehicle's mechanical performance and integrity for a stated period of time and miles. A warranty included in the purchase price of a vehicle by the selling dealership or manufacturer.



Exclusionary Coverage

Provides the greatest coverage - any component or repair listed in a vehicle service contract is excluded from coverage.



Named/Listed Component Coverage

Provides coverage for only the components specifically listed for the level of coverage indicated in the vehicle service contract purchased.



Pre-Existing Condition

Mechanical problems present on your vehicle when you purchase the vehicle service contract. VSCs specifically exclude payment of any mechanical breakdown claim when a preexisting condition contributes to the failure of the component.



Waiting Period

Most vehicle service contracts have a 30 days/1,000 miles waiting period from the odometer reading and sale date of the contract. This waiting period protects both the customer and the administrator, and helps to keep VSC prices competitive. The waiting period gives customers time to review the contract in detail, and it ensures the vehicle is running properly and that there are no existing failures or pre-existing conditions.



Administrator

The company that adjudicates your claim and, if approved, pays the repair facility for repair work to your vehicle. The administrator works hand in hand with the repair facility to make sure your claim is handled properly.

Top 10 Questions to Ask Before Buying

- 1 Who is selling the product?
- 2 How much does it cost?
- 3 How long does it last (time, miles)?
- 4 What does it cover/not cover?
- 5 How are claims paid, and who pays them?
- 6 Are other benefits included (towing, roadside assistance, etc.)?
- 7 What is a pre-existing condition?
- 8 Is there a waiting period for coverage, and if so, is it MILES or TIME?
- 9 What is the escalation process for an unpaid claim?
- 10 Do you sell in my state?